

MAJOR FUND DETERMINATION

Note: The following questions and answers were formulated using ASBO International's GASB Statement No. 34 Implementation Recommendations for School Districts (hereafter, referred to as ASBO's Implementation Recommendations). OPI supports ASBO's recommendations and encourages the use of this publication for further information and guidance. Other resources are GASB Implementation Guides (see GASB website at <http://www.gasb.org/repmodel/index.html>) and the AICPA (September 2002) Audits of State and Local Governments (GASB 34 Edition).

Q: What types of changes to the fund financial statements were made by GASB 34?

A: Some of the more significant changes include:

1. A move from fund-type to major fund. Governmental and enterprise funds must present information for each major fund in a separate column. All non-major funds must be reported in a single column.
2. Discontinue the concept of expendable and nonexpendable trust funds and define fiduciary funds differently.
3. Eliminates the General Fixed Assets and General Long-Term Debt Account Groups from financial reporting. Assets and liabilities are now reported only in the district-wide financial statements.

Q: What funds are considered "major funds"?

A: The district's main operating fund, the general fund is always reported as major. Other funds would be classified as major if the following two conditions are met:

1. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total of all funds of that category; AND
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the total for all governmental and enterprise funds combined.

An Excel spreadsheet for determining major funds is posted on OPI's website at <http://www.opi.state.mt.us/schoolfinance/gasb34.html>.

Also note that GASB 34 provides the option to determine a fund as major even if it doesn't meet the conditions described above.

Q: How are major funds determined in the case of separate elementary and high school districts?

A: OPI recommends separating the elementary and high school funds for major fund determination, except that the general funds should always be combined. The district and the auditor should discuss and agree on supplemental reports that would show combined information.

Q: How should the funds be presented on the Governmental Funds Statements?

A: Governmental funds include the general, special revenue, debt service, capital projects and the new permanent funds (see discussion below on permanent funds). Each of the district's major funds should be presented in separate columns.

Q: How are funds reported if they are not considered "major funds"?

A: All non-major funds must be reported in a single column on the fund financial statements called "Other Governmental Funds".

Office of Public Instruction

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